

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

| | | |
|---------------------------------|---|------------------|
| In the Matter of the Protest of |) | |
| |) | DOCKET NO. 18916 |
| [REDACTED], |) | |
| |) | DECISION |
| Petitioners. |) | |
| _____ |) | |

On July 12, 2005, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayers), proposing additional individual income tax, penalty, and interest in the amount of \$191 for the tax year 2002.

The taxpayers filed a timely appeal and petition for redetermination. They did not request a conference. The Tax Commission has reviewed the file, is advised of its contents, and hereby issues its decision.

Idaho Code § 63-3002 provides:

Declaration of intent. It is the intent of the legislature by the adoption of this act, insofar as possible to make the provisions of the Idaho act identical to the provisions of the Federal Internal Revenue Code relating to the measurement of taxable income, to the end that the taxable income reported each taxable year by a taxpayer to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law; . . .

The intent of the Idaho Legislature is to follow the federal determination of income subject only to modifications contained in Idaho law. Pursuant to the authority of Internal Revenue Code § 6103(d), the Tax Commission obtained the results of an Internal Revenue Service (IRS) audit of the taxpayers' 2002 federal income tax return.

The federal audit resulted in an increase to the amount of income that was reported to Idaho. The taxpayers failed to notify Idaho of the federal determination within the 60-day period required

by Idaho Code § 63-3069. The Bureau issued a NODD to the taxpayers advising them of additional Idaho income tax, penalty, and interest due as a result of the increase to their taxable income.

In response to the deficiency notice, the taxpayers wrote a note on the face of the notice and sent it back to the Bureau stating: “This determination is in error. Taxable income was improperly reported.” A few days after the note was received, the taxpayers sent copies of two letters addressed to [Redacted]. One letter was from the U.S. Department of Labor Employment Standard Administration addressing Mr. [Redacted] income for 2000 and the other was a Benefit Statement addressing a period in 2005 from the United States Department of Labor Division of Federal Employees’ Compensation.

After reviewing the documents the taxpayers provided and available records, the Bureau wrote to the taxpayers to acknowledge their protest and to explain that the adjustments to the taxpayers’ 2002 Idaho taxable income did not involve any payments from the U.S. Department of Labor. Rather, the unreported income consisted of a taxable pension in the total amount of \$962, \$9 of dividends, and \$1,263 of medical expenses the IRS did not allow to be deducted.

The Bureau offered the taxpayers the choice of continuing their protest or withdrawing it. When the taxpayers did not respond, their file was transferred to the Legal/Tax Policy Division for administrative review. A letter was sent to advise the taxpayers of their right to request a hearing or send additional information. Again, the taxpayers did not respond.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Comm’n, 110 Idaho 572 (Ct. App. 1986). Having presented no further information in support of their argument, the taxpayers have failed to meet their burden of proving error on the part of the deficiency determination. Albertson’s, Inc. v.

State, Dept. of Revenue, 106 Idaho 810 (1984).

The taxpayers have provided no evidence that the IRS changed the audit results that increased the taxpayers' Idaho taxable income and tax due. Therefore, the Tax Commission upholds the NODD for 2002.

WHEREFORE, the Notice of Deficiency Determination dated July 12, 2005, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following additional tax, penalty, and interest for 2002:

| | | | |
|------------|----------------|-----------------|--------------|
| <u>TAX</u> | <u>PENALTY</u> | <u>INTEREST</u> | <u>TOTAL</u> |
| \$159 | \$10 | \$26 | \$195 |

Interest has been computed through February 1, 2006.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayer's right to appeal this decision is enclosed.

DATED this ____ day of _____, 2006.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2006, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

Receipt No.
